

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re:	§	Chapter 11
	§	
W.R. GRACE & CO., et al.,	§	Jointly Administered
	§	Case No. 01-01139 (JKF)
Debtors.	§	
	§	

**FEE AUDITOR'S AMENDED COMBINED FINAL REPORT REGARDING
THOSE FEE APPLICATIONS WITH NO FEE OR EXPENSE ISSUES
FOR THE TWENTY-THIRD INTERIM PERIOD**

This is the amended final report of Warren H. Smith & Associates, P.C., acting in the capacity of fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have no fee or expense issues for the Twenty-Third Interim Quarterly Period (collectively referred to hereafter as the “Applications”).

BACKGROUND

1. Anderson Kill & Olick, P.C., (“AKO”) was retained as special insurance counsel to the official committee of asbestos personal injury claimants. In the Application, AKO seeks approval of fees totaling \$74,785.00 and costs totaling \$525.88 for its services from October 1, 2006, through December 31, 2006.

2. David T. Austern (“Austern”) was retained as representative to the Future Claimants. In the Application, Austern seeks approval of fees totaling \$13,750.00 and costs totaling \$0.00 for his services from October 1, 2006, through December 31, 2006.

3. Beveridge & Diamond, P.C. (Beveridge) was retained as special counsel to the Debtors. In the Application, Beveridge seeks approval of fees totaling \$97,555.00 and costs totaling

\$973.91 for its services from October 1, 2006 through December 31, 2006.

4. Bankruptcy Management Corporation (BMC) was retained as Claims Reconciliation and Solicitation Consultant to the Debtors. In the Application, BMC seeks approval of fees totaling \$232,723.40 and costs totaling \$115,034.75 for its services from October 1, 2006, through December 31, 2006.

5. Buchanan Ingersoll (“Buchanan”) was retained as co-counsel to the Official Committee of Equity Holders. In the Application, BIPC seeks approval of fees totaling \$108,758.00 and costs totaling \$165.14 for its services from October 1, 2006, through December 31, 2006.

6. Campbell & Levine LLC (“Campbell”) was retained as counsel to the official committee of asbestos personal injury claimants. In the Application, Campbell seeks approval of fees totaling \$150,009.00 and costs totaling \$21,242.03 for its services from October 1, 2006, through December 31, 2006.

7. Capstone Corporate Recovery, LLC (“Capstone”) was retained as financial advisors to the Official Committee of Unsecured Creditors. In the Application, Capstone seeks approval of fees totaling \$221,771.50 and costs totaling \$1,397.19 for its services from October 1, 2006 through December 31, 2006.

8. Casner & Edwards, LLP (“Casner”) was retained as special litigation counsel to the Debtors. In the Application, Casner & Edwards seeks approval of fees totaling \$87,474.00 and expenses totaling \$51,743.34 for its services from October 1, 2006, through December 31, 2006.

9. Conway, Del Genio, Gries & Co., LLC (“CDG”), was retained as financial advisor to the Official Committee of Asbestos Property Damage Claimants. In the Application, CDG seeks approval of fees totaling \$25,000.00 and costs totaling \$114.75 for its services from October 1, 2006,

through December 31, 2006.¹

10. Deloitte Tax LLP (“Deloitte Tax”) was retained as tax service providers to the Debtors. In the Application, Deloitte Tax seeks approval of fees totaling \$154,373.00 and costs totaling \$0.00 for its services from August 1, 2005, through December 31, 2007².

11. Ferry, Joseph & Pearce, P.A. (“Ferry Joseph”) was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. In the Application, Ferry Joseph seeks approval of fees totaling \$77,219.00 and costs totaling \$5,774.46 for its services from October 1, 2006 through December 31, 2006.

12. Foley Hoag LLP (“Foley Hoag”) was retained as special environmental counsel to the debtor. In the Application, Foley Hoag seeks approval of fees totaling \$6,587.50 and costs totaling \$55.71 for its services from October 1, 2006 through December 31, 2006.

13. Hamilton, Rabinovitz & Alschuler, Inc. (“HRA”) was retained as consultants to the Official Committee of Asbestos Property Damage Claimants. In the Application, HRA seeks approval of fees totaling \$13,880.00 and costs totaling \$0.00 for its services from October 1, 2006, through December 31, 2006.

14. Holme Roberts & Owen, LLP (“HRO”) was retained as special environmental counsel to the Debtors. In the Application, HRO seeks approval of fees totaling \$4,100.00 and costs

¹CDG recorded a total of 64.9 hours for the three months covering this application period (the “Compensation Period”). CDG was paid a flat fee of \$25,000.00 during the Compensation Period, which calculates to an effective hourly rate of \$385.20 per hour. We note that CDG is currently engaged by the PD Committee at a flat fee of \$100,000.00 per month plus expenses. However, due to a decrease in the activity level of the case, CDG has reduced its total fees to \$25,000.00 for the period October 1, 2006 through December 31, 2006.

²Deloitte Tax did not file applications for the Seventeenth through the Twenty-Second Interim Period.

totaling \$3,124.28 for its services from October 1, 2006, through December 31, 2006.

15. Kramer, Levin, Naftalis & Frankel, L.L.P. (“Kramer Levin”) was retained as counsel to the official committee of equity holders. In the Application, Kramer Levin seeks approval of fees totaling \$238,312.00 and costs totaling \$14,195.38 for its services from October 1, 2006, through December 31, 2006.

16. Latham & Watkins, LLP (L&W) was retained as special environmental counsel to the Debtors. In the Application, Latham seeks approval of fees totaling \$7,766.00 and costs totaling \$4.34 for its services from October 1, 2006, through December 31, 2006.

17. Nelson Mullins Riley & Scarborough, LLP (“Nelson Mullins”), was retained as special litigation and environmental counsel for the Debtors. In the Application, Nelson Mullins seeks approval of fees totaling \$2,388.00 and costs totaling \$68.77 for its services from October 1, 2006, through December 31, 2006.

18. Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. (“Pachulski”) was retained as local counsel to the debtors. In the Application, Pachulski seeks approval of fees totaling \$173,466.25 and costs totaling \$155,981.78 for its services from October 1, 2006, through December 31, 2006.

19. Phillips, Goldman & Spence, P.A. (“PG&S”) was retained as local counsel to David T. Austern, Future Claimants’ Representative. In the Application, PG&S seeks approval of fees totaling \$33,336.00 and costs totaling \$1,314.03 for its services from October 1, 2006, through December 31, 2006.

20. Pitney, Hardin, Kipp & Szuch, LLP (“Pitney Hardin”), was retained as special counsel to the Debtors. In the Application, Pitney Hardin seeks approval of fees totaling \$80,846.50 and

costs totaling \$1,304.25 for its services from October 1, 2006, through December 31, 2006.

21. PricewaterhouseCoopers LLP ("PwC") was retained as independent accountants and auditors for the Debtors and Debtors in Possession. In the Application, PwC seeks approval of fees totaling \$751,822.64 and costs totaling \$17,933.20 for its services from October 1, 2006, through December 31, 2006.

22. Steptoe & Johnson, LLP ("Steptoe") was retained as special tax counsel to the Debtors. In the Application, Steptoe seeks approval of fees totaling \$51,097.50 and costs totaling \$114.76 for its services from October 1, 2006, through December 31, 2006.

23. Towers Perrin Tillinghast (Towers Perrin) was retained as actuarial consultants to David T. Austern, Future Claimants Representative. In the Application, Towers Perrin seeks approval of fees totaling \$417,223.00 and costs totaling \$5,326.30 for its services from October 1, 2006 through December 31, 2006.

24. Woodcock Washburn LLP ("Woodcock") was retained as special litigation counsel to the Debtor. In the Application, Woodcock seeks approval of fees totaling \$20,130.00 and costs totaling \$721.98 for its services from October 1, 2006, through December 31, 2006.

25. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent

established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. New information caused us to amend our original report.

DISCUSSION

26. We have no objections to, or issues with, any of the Applications.

CONCLUSION

27. Thus for the period of October 1, 2006, through December 31, 2006 we recommend approval of all fees and expenses for the following applicants, as follows:

- a. AKO - fees totaling \$74,785.00 and costs totaling \$525.88.
- b. Austern - fees totaling \$13,750.00 and costs totaling \$0.00.
- c. Beveridge - fees totaling \$97,555.00 and costs totaling \$973.91.
- d. BMC - fees totaling \$232,723.40 and costs totaling \$115,034.75.
- e. Buchanan - fees totaling \$108,758.00 and costs totaling \$165.14.
- f. Campbell - fees totaling \$150,009.00 and costs totaling \$21,242.03.
- g. Capstone - fees totaling \$221,771.50 and costs totaling \$1,397.19.
- h. Casner - fees totaling \$87,474.00 and expenses totaling \$51,743.34.
- i. CDG- fees totaling \$25,000.00 and costs totaling \$114.75.
- j. Deloitte Tax - fees totaling \$154,373.00 and costs totaling \$0.00.
- k. Ferry Joseph - fees totaling \$77,219.00 and costs totaling \$5,774.46.
- l. Foley Hoag - fees totaling \$6,587.50 and costs totaling \$55.71.
- m. HRA - fees totaling \$13,880.00 and costs totaling \$0.00.
- n. HRO - fees totaling \$4,100.00 and costs totaling \$3,124.28.

- o. Kramer Levin - fees totaling \$238,312.00 and costs totaling \$14,195.38.
- p. L&W - fees totaling \$7,766.00 and costs totaling \$4.34.
- q. Nelson Mullins - fees totaling \$2,388.00 and costs totaling \$68.77.
- r. Pachulski - fees totaling \$173,466.25 and costs totaling \$155,981.78.
- s. PG&S - fees totaling \$33,336.00 and costs totaling \$1,314.03.
- t. Pitney Hardin - fees totaling \$80,846.50 and costs totaling \$1,304.25.
- u. PwC - fees totaling \$751,822.64 and costs totaling \$17,933.20.
- v. Steptoe - fees totaling \$51,097.50 and costs totaling \$114.76.
- w. Towers Perrin - fees totaling \$417,223.00 and costs totaling \$5,326.30.
- x. Woodcock - fees totaling \$20,130.00 and costs totaling \$721.98.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: _____


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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 13th day of June, 2007.



Warren H. Smith

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